

March 1, 2004

VERIZON MAINE
Petition for Consolidated Arbitration

PROCEDURAL ORDER¹

I. BACKGROUND

On November 1, 2002, in Docket No. 2000-849, Verizon-Maine (Verizon) filed proposed schedules, terms, conditions, and rates for Unbundled Network Elements (UNEs) and Interconnection (PUC 20) and Resold Services (PUC 21). (See Virtual case file for Docket No. 2002-682 at <http://www.state.me.us/mpuc>) Verizon's filing was in compliance with certain conditions imposed by the Commission in its March 1, 2002 letter to Verizon in Docket No. 2002-849.² Included in the Verizon filing were several cost studies relating to non-recurring costs (NRCs), operational support systems (OSS), and miscellaneous unbundled network elements. Specifically, Verizon included a NRC cost model to support rates proposed in the wholesale tariff which had not been previously approved by the Commission in Docket No. 1997-505, the Commission's *Investigation into Total Element Long Run Incremental Cost (TELRIC) Studies*. The NRC model used to support the new rates was different from the NRC model used to produce the NRC rates approved in the TELRIC proceeding. Thus, we expected that both the new rates and the new NRC model would be reviewed in a cost phase of the Wholesale Tariff proceeding.

On February 20, 2004, Verizon Maine (Verizon) filed with the Commission a Petition for Consolidated Arbitration. (A copy of the Petition can be found on the Commission's website in the virtual casefile for this proceeding, <http://mpuc.informe.org/>) The Petition requests that the Commission arbitrate disputes between Verizon and competitive local exchange carriers (CLECs) and Commercial Mobile Radio Service (CMRS) carriers relating to Verizon's October 2, 2003, proposed amendment to all interconnection agreements. Included in the issues listed for arbitration are certain new prices required by the Federal Communications Commission's (FCC) *Triennial Review Order (TRO)*, many of which are NRCs. Verizon has not yet indicated whether it will support the new *TRO* rates with the NRC model from the Wholesale Tariff Proceeding or some other study or model.

¹This Procedural Order is being served electronically on Verizon and other parties contained in the Hearing Examiner's informal electronic service list (which is based on participation on other proceedings.) An official service list will be compiled on March 5, 2004, (the deadline for intervention) and this Procedural Order will then be served on all parties.

²*Inquiry Regarding the Entry of Verizon Maine Into the InterLATA Telephone Market Pursuant to Section 271 of the Telecommunications Act of 1996*, Docket No. 2000-849.

II. COST STUDY REQUIRED

In order for the Commission to arbitrate issues concerning the pricing provisions of the proposed amendment in the Arbitration proceeding pursuant to the pricing standards of section 251 of the TelAct, we will need to review Verizon's cost studies which support the new rates. Accordingly, pursuant to section 252 of the TelAct, we require Verizon to file cost studies supported by narrative testimony which set forth the basis for the proposed rates. Verizon must file these cost studies no later than **March 26, 2004**.

In order for the Commission to determine whether it should address the cost issues raised in the Wholesale Tariff proceeding at the same time as the Arbitration issues, Verizon must file a document explaining whether and how the cost studies which support the proposed arbitration rates are related to the cost studies filed in the Wholesale Tariff proceeding. This filing should be made **March 10, 2004**.

BY ORDER OF THE HEARING EXAMINER

Trina M. Bragdon